C5250-2 5/12/83

SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

MAY 6, 1983

Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

AN HBJ PUBLICATION

QC award winners: no secrets, just strict, meticulous work

By Laura Martinez

SPECIAL REPORT — Controlling the quality of the vast number of products coming out of a soft drink plant is a complicated task involving a wide variety of people, equipment and testing procedures.

Raw materials, mixing practices, packages and sanitation are all bound to go awry unless closely monitored, resulting in product of lesser quality than consumers have come to expect. In order to avoid problems that are the direct result of a lack of quality control, parent companies have set up inspection programs using awards as incentives, to keep bottlers on their toes.

Under these programs, representatives of parent companies are dispatched to check on plant upkeep, product quality, equipment maintenance and sanitation, using a strict set of

(Continued on page 19)

Dallas Coke's award-winning quality control techniques are shown by QC manager Kathy Madden as she prepares to filter a sample for microbiology testing.

Sculley resigns at Pepsi; firm forms new bev. group

PURCHASE, NY—Following the resignation of John C. Sculley as president and CEO of Pepsi-Cola Co., PepsiCo Chairman Don Kendall announced the establishment of a new worldwide beverage group to be headed by Victor Bonomo.

Under the new alignment, Roger Enrico, formerly number two to Sculley, becomes president and CEO of the newly-formed Pepsi-Cola USA div. Robert Dettmer, president, also becomes CEO of the domestic Pepsi Bottling Group.

Robert H. Beeby returns as president and CEO of International operations. He formerly was COO of this div. and most recently served as president of the Wilson Sporting Goods Div.

Thomas J. Rattigan becomes president and CEO of international company-owned bottling operations.

Sculley who left the firm to become president and CEO of Apple Computers, Inc., Cupertino, CA, was praised by Kendall. "John has earned the respect and admiration of everyone in the PepsiCo family," he said, noting particularly Sculley's contributions to the development of new products and new marketing programs.

Sculley first joined Pepsi-Cola as a management trainee in 1967. He was named president in 1977. He was the **Beverage Industry** man of the Year in 1980.

Kendall also said the new beverage divisions would have more autonomy to allow quicker response to local market needs.

Mexican brewers suing Reagan over duty status

WASHINGTON, DC — Mexico's National Association of Beer Manufacturers (NABM) has sued President Reagan over his decision to graduate duty-free Mexican beer imports under the Generalized System of Preferences (GSP).

The decision stemmed from a United States Brewers Association (USBA) petition asking the government to eliminate Mexico's duty-free status as a developing nation since it imposes a 100% tariff on U.S. beer imports eliminating their access to the Mexican beer market. USBA President Henry King told BI that "the American position is simple. We believe in free trade, tariffs, reciprocity and the freedom to fail. We don't believe in quotas."

But an 800,000 case quota on U.S. beer to be sold throughout Mexico at a 75% tariff was Mexico's offer if USBA withdrew its petition. NABM maintained that the quota was somewhat larger than the market share Mexican beer has in the U.S. But USBA did not waiver and the President agreed with their lack of access argument.

(Continued on page 8)

Competition justifies beer price differentials: courts

WASHINGTON, DC—Brewers who charge different prices to their customers, provided they are meeting competition in designated geographic areas, have a greater defense against charges of price discrimination thanks to a recent Supreme Court ruling.

The case involved a Kentucky brewer who charged an Indiana beer distributor more for its "Falls City Beer" and "Drummond Bros. Preferred Beer" than it did to distributors in its own state. The brewer maintained that the price differential merely met competition in those specific markets and therefore was not subject to antitrust attack under the Robinson-Patman Act.

But both a district and appellate court differed, arguing that price differentials could only be used on an individual, not marketwide basis.

However, in a unanimous decision, the high bench expanded the meeting competition defense in price discrimination cases by ruling that a seller must prove that "the lower price he charged was

(Continued on page 6)

Anti-tampering bill moving in Congress

WASHINGTON, DC—Legislation making it a crime to tamper with foods, drugs, devices or cosmetics has been moving through both houses of Congress, albeit with changes along the way.

The Senate Judiciary Committee has been considering expanding Chairman Strom Thurmond's anti-tampering measure (S. 216) to include some suggestions offered in a Justice Department draft bill.

Among the changes under consideration are Justice's recommendation that the measure not only address

(Continued on page 26)

BI Week

- **Lipton continues to expand its number one position in post mix teas. Franchises have recently signed several major accounts. Among these: Sea World, Aurora, OH; Cincinnati Zoo; Kings Island amusement park, Cincinnati and Chaza Lake, OH, recreational area.**

- **Package designs for Coke's new caffeine free colas have been shown to key industry suppliers.**

(Continued on page 9)

New system eliminates can abrasion

POMPANO BEACH, FL — A company here has developed a new packaging system that it believes will eliminate can abrasion and save the brewing and soft drink industries millions.

American Mold Co.'s system features the new Can Tray device for the bottom of cases and the industry's first injection-molded can carrier, called the Multi-Cluster, to hold cases of cans together at the top.

Cost of savings based on production figures of 2.3 billion cases annually, can

(Continued on page 8)

BI Package of the Week

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AN HBJ PUBLICATION

New packaging is just the beginning of a "new look" for Tropicana. The package design system was secretly unveiled at Tropicana's 26th annual national sales meeting in January and is now sweeping into the nation's grocery stores.

Tropicana redesigns its entire juice product line

BRADENTON, FL—Much more emphasis on marketing, without taking anything away from production, is the reason given for Tropicana Products' new redesigns for its entire product line.

Tropicana chairman and CEO, Richard Walrack, says the company is looking to strengthen its marketing techniques further.

"We have long had superior production abilities, which gives us latitude to strength-

(Continued on page 6)

Study: $50 million plants control $6 billion volume

BI EXCLUSIVE—The number of U.S. soft drink plants enjoying annual sales volume of $50 million or more has more than doubled during the past two years—from 33 such operations in 1980 to 67 in 1982. These plants represent a mere 4.32% of total U.S. plants, but now account for the lion's share of business, an estimated $6.365 billion in wholesales volume, and 2.345 billion in gallons.

Meanwhile, more than half of soft drink sales were accounted for in 1982 by 11.9% of total plants, including the top 67 operations plus another 119 with annual sales of $25 million and above. These 186 plants, compared with 140 in 1980, reached an estimated sales volume of $10.827 billion, or 54.2% of the $19.9 billion market, and a product volume of 4.130 billion gallons, or 53.29% of the 7.748 billion-gallon total.

This is the newly-released

(Continued on page 5)

MAN: You know when you're watching your weight, but you get that little pang
To eat just a little something?
WOMAN: Yeah, like four thousand chocolate chip cookies.
MAN: But you don't want to do that.
So when that hunger hits, try this.
WOMAN: Sugar Free A&W. It's not like any diet drink I've ever had.
It's a rich, creamy delicious treat.
MAN: And just one calorie, and that "Frosty Mug Sensation."
WOMAN: It's absolutely edible.
MAN: And if you have enough of this every once in a while... you can have some of this.
WOMAN: But you don't want to do that.
That "Frosty Mug Sensation."
VO: Sugar Free A&W. It's absolutely edible.

A&W is spending $10 million on television spots this year, an increase of 7% over last year. The Sugar Free spot, titled "Shortcake," features a diet-conscious husband and wife telling viewers what they can do when they are watching their weight and they get that "little pang."

A&W positions diet as "snack food"; ups ad spending 7% to $10 million

NEW YORK—A&W Beverages, Inc., introducing new advertising campaigns for A&W and Sugar Free A&W, has taken a dramatic and innovative step and positioned its diet version as a food.

"It's kind of a bold move for us," said Mike Weinstein, vp-marketing for A&W. "You talk to people to find out why they drink diet soft drinks and it's because they're dieting. But if you talk to them a little longer you find out that they drink them when they're hungry," he added.

HBM/Steifel designed two television spots for the root beer, one for regular the other for diet. Both spots represent a departure from the lifestyle orientation that most soft drink brands have been using. Both spots are product-oriented.

A&W is spending $10 million on the spots this year, an increase of 7% over last year on spot and network television and radio. Spots began running March 21 and will continue through the end of September, six more weeks than last year's campaign.

Weinstein said it was a

(Continued on page 11)

1982 Regional soft drink demographics

Region	No. of plants	% of total	Estimated gallonage (add 000)	% of total	Estimated wholesale dollar volume (add 000)	% of total
New England	104	6.7	307,300	4.0	$ 793,750	4.0
Mideast	216	13.9	1,210,250	15.6	$3,138,450	15.7
Great Lakes	242	15.6	1,252,900	16.2	$3,230,250	16.2
Plains	156	10.1	591,900	7.6	$1,509,250	7.6
Southeast	441	28.4	2,224,800	28.7	$5,691,500	28.5
Southwest	171	11.0	1,008,300	13.0	$2,601,500	13.1
Rocky Mountain	65	4.2	248,000	3.2	$ 638,000	3.2
Far West	157	1.1	906,250	11.7	$2,337,450	11.7
Total	1,552		7,749,700		$19,940,150	

(a): Soft drink bottler and canner package and bulk gallonage only; does not include approximately 1.33 billion gallons of bulk syrup sales through other distribution. Total 1982 soft drink gallonage volume approximates 9.08 billion gallons.
(b): Soft drink bottler and canner package and bulk sales only; does not include approximately $1.3 billion of bulk syrup sales through other distribution. Total 1982 soft drink wholesaler dollar volume approximates $21.2 billion.

Source: Beverage Data Bank

Copyright: Beverage Industry, May 6, 1983

Aseptipak '83 scheduled for June 8-10

PRINCETON, NJ — Three sessions will highlight this year's Aseptipak '83, which runs from June 8-10 at the Scanticon-Princeton Executive Conference Center and Hotel.

The first session, entitled "Product Processing and Packaging Systems," will feature speakers from West Germany, Sweden and the US, according to Ronald S.

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BEST AVAILABLE COPY

Soft drinks

(Continued from page 4)

data from Beverage Marketing Corp.'s (BMC's) 1982 Sales Survey of U.S. Soft Drink Plants. The study includes details of concentration in the soft drink industry as well as national, regional and state breakdowns of company sales volume rankings, sales size and concentration, and gallonage size and concentration. And for the first time, the survey reveals every plant by company name, address and sales volume range.

"Of the total number of soft drink plants in the U.S., the top 478 now account for 80% of industry dollar volume," explains Michael Bellas, president of Beverage Marketing Corp."By the end of this century, it is easily feasible that as few as 500 plants will be supplying all industry needs."

One of the largest plants in the survey approximated just under $200 million in sales volume, according to Janet Fanshawe, BMC's director of marketing. "As more and more plants become larger in scale," she points out, "concentration is expected to become an increasingly important factor in the industry."

Details of concentration in the soft drink industry as well as national, regional and state breakdowns of company sales volume rankings, sales size and concentration, and gallonage size and concentration are revealed in the third annual study by Beverage Marketing Corp., Mingo Junction, OH. This demographic picture has been compiled from information stored in the firm's Beverage Data Bank.

The study also shows that between 1980-82, 181 soft drink plants either went out of business, were acquired, or ceased to operate as production facilities.

mid-range losses

Growth in the number of soft drink plants in the top three sales range categories — from $10 million to $50 million and above — appear to be at the expense of plants whose sales ranges were from $500,000 to $10 million.

For example, plants in the $3 million to $5 million range declined in number from 359 in 1980 to 267 in 1982 or from 20.7% to 17.2% of the total number of U.S. soft drink plants.

In 1982, those plants showed an estimated sales volume of $1.068 billion or 5.3% of total, and an estimated gallonage of 400.5 billion. Those figures compare with $1.436 estimated sales in 1980, or 8.99% of the total, and 718 million gallons, or 8.5% of the total, the study

1982 national soft drink demographics

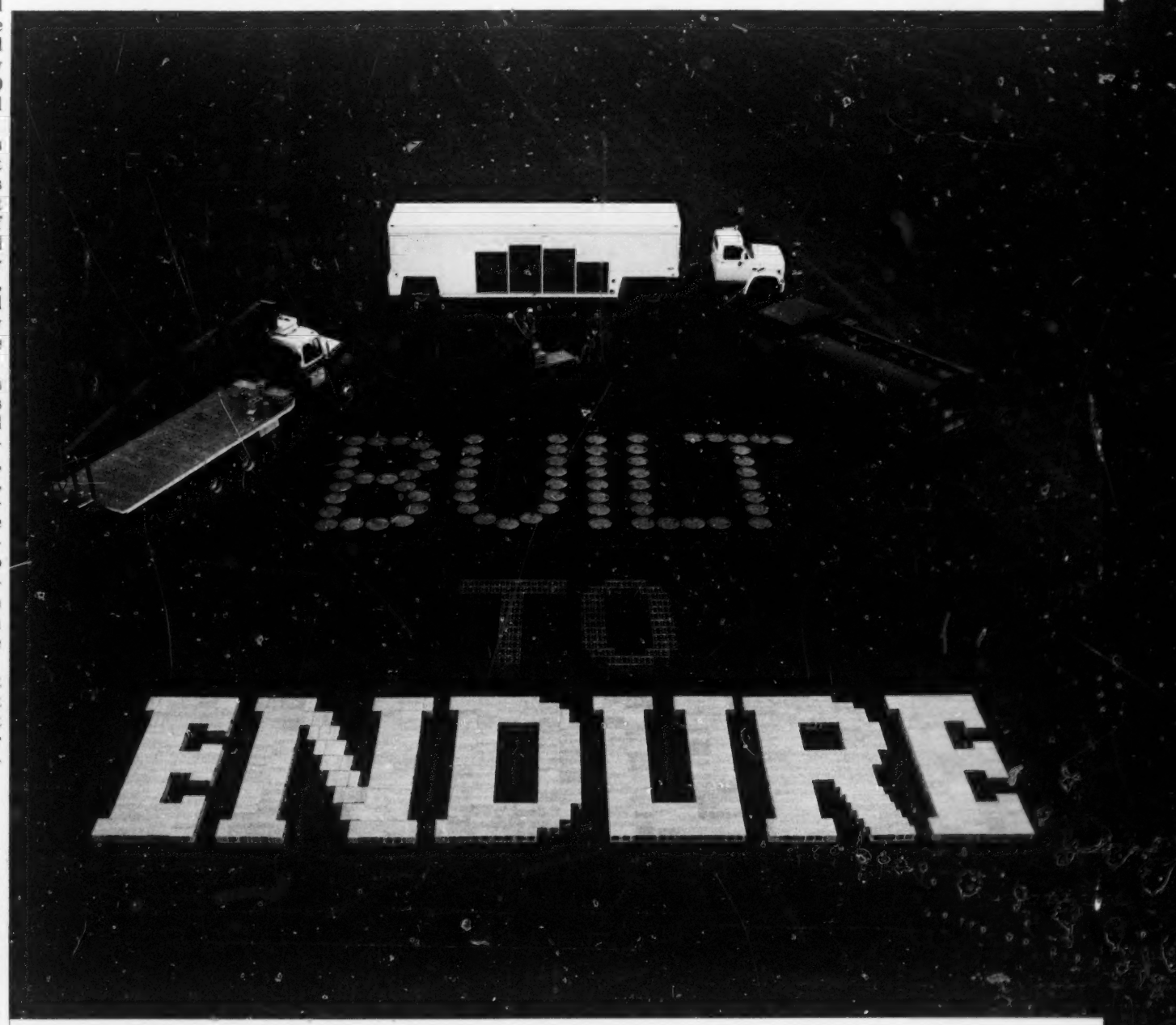
Sales range	Number of plants	Percent of total	Estimated gallonage volume (000)	Percent of total	Estimated wholesale sales (000)	Percent of total
$50 million or more	67	4.32	2,345,000	30.26	$ 6,365,000	31.9
$25 TO $50 million	119	7.67	1,785,000	23.03	$ 4,462,500	22.3
$10 to $25 million	292	18.81	2,044,000	26.38	$ 5,110,000	25.6
$5 to $10 million	266	17.14	798,000	10.30	$ 1,995,000	10.0
$3 to $5 million	267	17.20	400,500	5.17	$ 1,068,000	5.3
$2 to $3 million	250	16.11	250,000	3.23	$ 625,000	3.1
$1 to $2 million	176	11.34	105,600	1.36	$ 264,000	1.3
$500,000 to $1 million	44	2.84	13,200	.17	$ 33,000	.1
Less than $500,000	69	4.45	6,900	.09	$ 17,250	.0
Subtotal	1,550		7,748,200		$19,939,750	
Unclassified	2	.13	1,500	.02	$ 400	.0
Total	**1,552**		**7,749,700(a)**		**$19,940,150(b)**	

(a): Soft drink bottler and canner package and bulk gallonage only; does not include approximately 1.33 billion gallons of bulk syrup sales through other distribution. Total 1982 soft drink gallonage volume approximates 9.08 billion gallons.

(b): Soft drink bottler and canner package and bulk sales only; does not include approximately $1.3 billion of bulk syrup sales through other distribution. Total 1982 soft drink wholesaler dollar volume approximates $21.2 billion.

Source: Beverage Data Bank

Copyright: Beverage Industry, May 6, 1983



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indicates.

Numerically, the largest group of bottlers is in the $10 million to $25 million sales range, according to the study. They operated 292 plants in 1982, compared to 223 in 1980, with an estimated $5.110 billion in sales, or 25.6% of the total, and 2.044 billion gallons, or 26.38% of the total picture.

In 1980, this category of bottlers represented 12.88% of the total number of U.S. soft drink plants, compared to 18.81% in 1982. The 1980 estimated sales volume was $3.902 billion, or 24.42% of the total, and gallonage was at 2.007 billion, or 23.77%.

Of the eight categories in the 1982 Sales Survey, the fourth and only other group to show growth in the 1980-82 period were bottlers with sales of less than $500,000. The number of plants increased from 45 to 69, and represents 4.45% of the total, compared to 2.60% in 1980.

Soft drink bottlers in the southeastern states continue to rank first in number of plants, sales and gallonage. In 1982, there were 441 plants in the Southeast, 28.4% of the U.S. total. Compared to 986.9 gallons in 1980.

Copies of the study and additional information are available from Beverage Marketing Corp. 866 Second Ave., New York, NY 10017; (212) 688-7640. Single copies may be purchased.

Tropicana

(Continued from page 4)

en our marketing abilities," he says. "Our new packaging is just the beginning of a 'new look' Tropicana."

The "design system," as Tropicana officials call it, was secretly revealed at the company's recent 26th annual sales meeting. Clive Chajet, president of the New York-based Chajet Design Group, is creator of the new packaging, which features redesign of the carton gables, insuring quicker identification of the Tropicana name. The packaging is also consistent with the old design in typography, color scheme and in retaining the brand's familiar little girl logo, Tropic-Ana. Chajet has designed package systems for such companies as Borden, Campbell Soup, Coca-Cola, Johnson & Johnson, R.J. Reynolds and others.

Champion International Corp., Dairy Pack Div., manufactures the Tropicana cartons, while the container wraps, Cluster-Pac, are designed by Mead Packaging of Atlanta. "Tropicana enjoys an extremely strong franchise among consumers," Chajet said. "Similarly, Tropicana's packaging elements are well-known with strong equities. The challenge lay in identifying those equities and—rather than replacing them—dramatizing them in the new packaging system."

Top Tropicana executives involved with the project have predicted the new packaging will increase the product's impact at point-of-sale. The ready-to-serve orange juice, according to an A.C. Nielsen report, already has the highest "turn" rate in the industry, the company points out.

During Tropicana's 1984 fiscal year, which began last month, stronger emphasis will be placed on the company's sales and marketing efforts. "We're becoming more sophisticated in our techniques and practices," claims John B. Argeros, vice president of sales and marketing. "Our new marketing plans have been in the works for more than a year. In 1983, we've gone to brand managers for the first time. That alone is going to make a major difference in the way we do business."

Argeros went on to say Tropicana's point-of-sale material will be stronger than in years past and "our service to retailers will improve as well." Tropicana plans to do this by increasing its sales force by at least 10% this year, and by adding new brokers to improve distribution.

"Some of the new people are already on board with more to come," Argeros said.

For more information on **Tropicana,** circle no. 236; for **Chajet Design Group,** circle no. 237; for **Champion International,** circle no. 238; for **Mead Pkg,** circle no. 249.

Pricing

(Continued from page 1)

generally available from his competitors throughout the territory and throughout the period in which he made the lower price available."

In the ruling, Justice Harry Blackmun stressed that the essence of the meeting competition defense "is to permit a seller to treat different competitive situations differently. The prudent businessman responding fairly to what he believes in good faith is a situation of competitive necessity," he continued, "might well raise his prices to some customers to increase his profits, while meeting competitors' prices by keeping his prices to other customers low."

The bottom line is that "Congress intended to allow reasonable pricing responses on an area-specific basis where competitive circumstances warrant them," Justice Blackmun concluded.

Despite the ruling, the brewer is not out of the woods yet. He still must prove that the pricing system he employed did indeed meet competition.

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so our customers won't have to!

e the headache out of buying body-maker punches — by making certain anything can go wrong it happens here! Every step imaginable, including 00% inspection, is taken to insure "total customer satisfaction". From using the latest technology and quality control, to making certain that delivery dates are met. To being there with technical assistance and back-up service.

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Beverage Business Indicators

Glass container shipments

(thousands of gross)
(not seasonally adjusted)

	August 1982	Sept. 1982	% Change	Sept. 1981	Sept.'81 vs. Sept.'82 % Change
Bottles	28,148	26,515	(5.8)	26,660	(.5)
Beverage:					
Refillable	229	207	(9.6)	219	(5.4)
Nonrefillable	5,784	4,986	(13.8)	4,590	8.6
Under 10 oz.	93	87	(6.5)	98	(11.2)
10.0 to 15.9 oz.	1,730	1,585	(8.4)	1,505	5.3
16.0 to 16.9 oz.	3,587	2,998	(16.4)	2,666	12.4
17.0 and over	374	316	(15.5)	321	(1.5)
Beer:					
Refillable	57	21	63.1	75	(72)
Nonrefillable	9,024	8,240	(8.7)	8,658	(5)
Under 11 oz	1,490	1,793	20.3	1,672	7.2
11.0 to 15.9 oz.	6,951	5,875	(15.5)	6,432	(8.7)
16.0 and over	583	572	(1.9)	554	3.2
Liquor:	1,017	1,182	16.2	1,257	(6)
Under 125 ml	89	62	(30.3)	120	(48.3)
126 to 275 ml	208	266	27.9	266	0
276 to 500 ml	107	133	24.3	152	(12.5)
501 to 800 ml	260	321	23.5	324	(.9)
801 to 1000 ml	211	231	9.5	239	(3.3)
1001 ml and over	142	169	19	156	8.3
Wine:	762	667	(12.4)	680	(1.9)
Under 500 ml	148	105	(29)	127	(17.3)
501 to 800 ml	377	339	(10)	296	14.5
801 to 1000 ml	14	13	(7)	210	(34.2)
1001 to 1600 ml	134	125	(6.7)		
Over 1600 ml	89	85	(4)	47	80

Source: U.S. Dept. of Commerce
Bureau of the Census

Beverage closures

	August 1982	September 1982	% Change	September 1981	Sept. '81 vs. Sept. '82 % Change
Metal (for spirits, wines)	53,507	48,407	(9.5)	81,621	(40.7)
Plastic (for spirits, wines)	141,521	126,012	(11.0)	135,196	(6.8)
Metal crowns (beer & soft drinks)	17,728	16,709	(5.7)	20,977	(20.3)
Soft drink (convenience type)	1,637	1,910	16.7	1,784	7.1
Soft drink (conventional types)	4,709	5,602	19.0	7,261	(22.8)
Beer (convenience types)	9,645	6,584	(31.7)	9,577	(31.3)
Beer (conventional types)	1,737	2,613	50.4	2,355	11.0
All other metal closures than crowns	5,482	5,665	3.3	6,462	(12.3)

Source: U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

(Proof gals)

	October 1982	November 1982	% Change	November 1981	Nov. '81 vs. Nov. '82 % Change
Beer*	14,074,593	15,391,364	9.4	11,880,968	29.5
Whiskey	9,886,891	8,178,758	(17.3)	9,300,856	(12.1)
Brandy	515,238	673,330	30.7	516,077	30.5
Gin	539,023	655,186	21.6	535,948	22.2
Rum	72,572	126,409	74.2	73,918	71.0
Cordials & liqueurs	903,617	1,103,575	22.1	1,026,288	7.5
Others	822,038	1,007,303	22.5	836,534	20.4
TOTAL	26,813,972	27,135,925	1.2	24,170,589	12.3
Sparkling wines	812,607	1,133,457	39.5	1,698,528	(33.3)
Still wines, table	8,346,051	10,754,060	28.9	10,110,875	6.4
Still wines, fortified	289,088	449,994	55.7	403,854	11.4
Vermouth	240,916	326,826	35.7	297,722	9.8

*Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Selected consumer price index

(Base: 1967 = 100)

	November 1982	December 1982	% Change	December 1981	Dec. '81 vs. Dec. '82 % Change
Cola	308.8	307.2	(.5)	298.1	3.1
Other carbonated soft drinks	144.8	142.2	(1.8)	139.3	2.1
Noncarbonated drinks	138.8	139.0	.1	137.0	1.5
Wine	235.9	235.6	(.1)	204.1	15.4
Beer and Ale	212.5	212.6	.04	230.0	(7.6)

Source: U.S. Dept. of Labor
Bureau of Labor Statistics

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed "market basket" of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

Domestic beer removals

(Barrels of 31 gals)

	September 1982	October 1982	% Change	October 1981	Oct. '81 vs. Oct. '82 % Change
Bottles and cans	12,856,778	12,008,499	(6.6)	12,047,325	(.3)
Barrels and kegs	2,026,629	1,820,512	(10.2)	1,797,036	1.3
For export	201,519	235,637	16.9	224,901	4.8
Other	17,805	13,993	(21.4)	14,512	(3.6)
TOTAL	15,102,731	14,078,641	(6.8)	14,083,774	0

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	September 1982	October 1982	% Change	October 1981	Oct. '81 vs. Oct. '82 % Change
Still wines (bulk)	147,417	202,039	37.0	238,448	(15.3)
Still wines (bottled)	26,955,177	33,941,385	25.9	36,329,051	(6.6)
Effervescent wines (bulk and bottled)	1,901,929	6,547,842	344.3	4,152,533	57.7
TOTAL	29,004,523	40,691,266	40.3	40,720,032	(.1)

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	August 1982	September 1982	% Change	September 1981	Sept. '81 vs. Sept. '82 % Change
Whiskey	10,128,766	14,300,076	41.2	14,272,681	.2
Brandy	1,094,683	1,210,106	10.5	1,200,650	.8
Rum	2,247,862	2,371,817	5.5	2,127,667	11.5
Gin	2,791,967	2,978,289	6.7	3,307,410	(10.0)
Vodka	7,289,422	8,117,053	11.4	8,380,937	(3.1)
Cordials & Liqueurs	2,297,369	3,087,686	34.4	3,002,165	2.8
Cocktails & mixed drinks	630,382	637,653	1.2	804,096	(20.7)
TOTAL	26,480,451	32,702,680	70.4	33,095,606	(1.2)

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	August 1982	September 1982	% Change	September 1981	Sept. '81 vs. Sept. '82 % Change
Plastic bottles (blow-molded)	1,326,931	1,315,007	(.9)	1,257,480	4.6
Carbonated beverages	241,470	225,052	(6.8)	172,213	30.7

Source: U.S. Dept. of Commerce
Bureau of the Census

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Top 40 brands

Rank 1981	Rank 1982	Brand	Company	9-Liter Cases (000) 1981	1982E	Change
1	1	Bacardi	Bacardi	8,220	8,461	2.9
2	2	Smirnoff	Heublein	7,330	7,267	(0.9)
3	3	7 Crown	Seagram	6,245	5,700	(8.7)
6	4	Jack Daniel's	Brown-Forman	3,774	3,936	4.3
5	5	Jim Beam	James Beam (AB)	3,790	3,910	3.2
8	6	Windsor Supreme	National	3,514	3,865	10.0
4	7	V.O.	Seagram	4,000	3,740	(7.5)
10	8	Canadian Mist	Brown-Forman	3,296	3,689	11.9
7	9	Canadian Club	Walker (GWL)	3,715	3,440	(8.0)
11	10	Seagram's Gin	Seagram	3,217	3,184	(1.0)
9	11	Popov	Heublein	3,395	3,077	(9.4)
12	12	Gordon's Gin	Gordon/Renfield	3,154	3,000	(4.9)
13	13	J&B Rare	Paddington (PC)	2,965	2,850	(3.9)
14	14	Gilbey's Gin	National	2,706	2,700	(0.2)
19	15	Kamchatka	National	2,019	2,322	15.0
15	16	Dewar's	Schenley (RA)	2,470	2,300	(7.3)
19	17	Gilbey's Vodka	National	2,019	2,221	10.0
17	18	Gordon's Vodka	Gordon/Renfield	2,132	2,140	0.4
16	19	Cutty Sark	Buckingham	2,145	2,018	(5.9)
18	20	Black Velvet	Heublein	2,054	1,979	(3.7)
23	21	Early Times	Brown-Forman	1,875	1,970	5.1
25	22	Walker Brandy	Walker (GWL)	1,703	1,766	3.7
20	23	Ten High	Walker (GWL)	1,956	1,760	(10.0)
22	24	Beefeater	Kobrand	1,900	1,755	(7.6)
21	25	Christian Brothers	Fromm & Sichel	1,924	1,725	(10.3)
20	26	Ancient Age	Schenley (RA)	1,956	1,675	(14.4)
27	27	Kahlua	Walker (GWL)	1,550	1,600	3.2
24	27	Kessler	Calvert (S)	1,766	1,600	(9.4)
26	28	Johnnie Walker Red	Somerset (NS)	1,585	1,506	(5.0)
30	29	Old Crow	National	1,287	1,441	12.0
29	30	Southern Comfort	Brown-Forman	1,304	1,312	0.6
28	31	Calvert Extra	Calvert (S)	1,388	1,300	(6.3)
32	32	Old Grand-Dad	National	1,255	1,250	(0.4)
35	33	Old Smuggler	G&W Sales (GWL)	1,098	1,208	10.0
31	34	Wolfschmidt	Seagram	1,262	1,135	(10.1)
34	35	Tanqueray	Somerset (NS)	1,110	1,110	—
36	36	Crown Royal	Seagram (S)	1,025	1,100	7.3
33	37	Chivas Regal	General Wine (S)	1,199	1,075	(10.3)
31	38	Imperial	Walker (GWL)	1,262	1,073	(15.0)
37	39	Castillo Rum	Bacardi	1,019	1,025	0.6
—	40	Bailey's Irish Cream	Paddington (PC)	789	1,000	26.7

Key to parent corporations:
(AB) American Brands (G) Glenmore (GWL) Gooderham & Worts Ltd. (NS) Norton Simon (PC) Paddington/Carillon (RA) Rapid-American (S) Seagram

Source: Lehman Brothers Kuhn Loeb Research

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Liquor industry declines for third straight year

NEW YORK, NY — For the third straight year, the distilled spirits industry is down in the United States.

A report by John C. Maxwell Jr. of Lehman Brothers Kuhn Loeb Research estimates the industry decreased 2% over the previous year.

Maxwell said while much of the volume drop can be attributed to the recession, lifestyles are also moving away from alcohol to soft drinks and other lighter products.

In addition, new laws are not helping the industry. In some states, drunk driving laws have grown tougher and/or the drinking age has rise.

Maxwell added that states looking to close budget deficits may find liquor a convenient "whipping boy" by passing excise taxes.

"Thus we believe the industry will remain under pressure from these sources over the coming months and years, and we do not see much hope for industry growth," Maxwell said.

There were a few bright spots, however. Brown-Forman Distillers and National Distillers had nearly all their major brands show some growth during the year. National even had some brands growing in the double-digit area, the report said.

Maxwell also pointed out that the premium brands continue to sell well as do the brands at the low end of the market.

"That's due to the economy. The rich get rich and the poor get poorer," he said.

Specialty items, like Kahlua and Bailey's Irish Creme, continue their growth. "That's indicative of a change in lifestyle," he said.

Of the top five brands in the industry, only one has changed. Brown-Forman's Jack Daniels moved into the fourth spot, displacing Seagram's V.O., which was pushed to seventh place. Bacardi remains first, Smirnoff second, Seven Crown third and Jim Beam fifth.

Apparent Consumption of Distilled Spirits by Class and Type (Million Mixed Cases)

	1981	1982	Change
Blended	13.98	13.10	(6.3)
100% Light	0.22	0.18	(18.2)
Total Domestic Whiskey	36.92	35.38	(4.2)
Bond	0.90	0.81	(10.0)%
Straight	21.82	21.29	(2.4)
Total Bourbon	22.72	22.10	(2.7)
U.S.-Bottled Canadian	12.85	13.10	1.9
Foreign-Bottled Canadian	8.23	7.90	(4.0)
Total Canadian	21.08	21.00	(0.4)
U.S.-Bottled Scotch	8.16	7.90	(1.9)
Foreign-Bottled Scotch	12.30	11.30	(8.1)
Total Scotch	20.46	19.20	(5.7)
Irish	0.29	0.30	3.4
Total Imported Whiskey	41.83	40.50	(3.2)
Total All Whiskey	78.75	75.88	(3.6)
Vodka	31.55	31.30	(0.8)
Gin	15.41	15.10	(2.0)
Liqueurs/Cordials	13.76	14.10	2.5
Rum	11.74	11.50	(2.0)
Brandy	6.86	7.10	3.5
Tequila	2.89	3.00	3.8
Prepared Cocktails	3.40	3.12	(8.2)
Total Nonwhiskey	85.61	85.22	(0.5)
Grand Total Distilled Spirits	164.36	161.10	(2.0)

Source: Lehman Brothers Kuhn Loeb Research

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